

BEFORE THE TENNESSEE STATE BOARD OF EQUALIZATION

IN RE: A+ Storage Hermitage LP)
 Map 086-00-0, Parcel 59.00) Davidson County
 Commercial Property)
 Tax Year 2007)

INITIAL DECISION AND ORDER

Statement of the Case

An appeal has been filed on behalf of the property owner with the State Board of Equalization on September 21, 2007. The subject property is presently valued as follows:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$637,000	\$2,582,600	\$3,220,100	\$1,288,090

The undersigned administrative judge conducted a hearing in this matter on March 3, 2008, in Nashville, Tennessee. In attendance at the hearing were Thomas Pierce, the appellant, and Derrick T. Hammond, TMA, Appraiser for the Davidson County Property Assessor's Office.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Subject property consists of a mini-warehouse style building constructed in 1961 located at 4060 Andrew Jackson Parkway, in Hermitage, Tennessee on a 7.26 acre lot.

The taxpayer contended that subject property should be valued at \$2,516,100 based on his interpretation of the cost of the additions that have been made to the property. The property was constructed in two phases. Phase I on the original 7.26 acres, Phase II on an additional 2 acres for \$890,000; that amount plus the original assessment equals what he thinks the property is worth.

The assessor contended that subject property should be valued at \$3,151,800¹. In support of this position, the assessor submitted an appraisal report using the three approaches to value, while Mr. Hammond admits that his income approach has some undocumented values for the income and expense statement due to the taxpayers' refusal to provide any of the standard requested items to achieve "a trusted indication of value".²

The basis of valuation as stated in Tennessee Code Annotated Section 67-5-601(a) is that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values . . ."

¹ The county currently has the property valued at \$3,220,100.

² The taxpayer cannot now be heard to complain that the County Assessors are too high when he had opportunity to supply the correct figures-see letter of request dated February 11, 2008 from Mr. Hammond to Mr. Pierce.

In this particular case, Mr. Pierce believes that the cost approach is an acceptable method of ascertaining value. Mr. Pierce apparently believes that the cost approach includes only those items for which payment was made to the contractor. General appraisal practices recognize that more than payments to the contractor must be considered before an indication of value can be gleaned from cost; because cost does not necessarily equal value. These considerations have been aptly summarized as follows:

In providing complete building cost estimates, an appraiser must consider direct (hard) and indirect (soft) costs. . . . In addition, any entrepreneurial profit likely to be realized from the building project must be estimated. *Nashville Warehouse Investors III, LTD, Tax Year 1985 (Davidson County, Jan. 1987).*

Mr. Hammond submitted a detailed and comprehensive report discussing the three (3) approaches to value. Since this is commercial income producing property, the income approach to value would be a more reliable opinion of value.

Administrative Judge Mark Minsky noted in *Gap, Inc., Sumner County, I.D.O.*, tax year 2006 that general appraisal principles require that the market, cost and income approaches to value be used whenever possible. Appraisal Institute, *The Appraisal of Real Estate* at 50 and 62. 12th Edition, 2001. However, certain approaches to value maybe more meaningful than others with respect to a specific type of property and such is noted in the correlation of value indicators to determine the final value estimate. The value indicators must be judged in three categories: (1) the amount and reliability of the data collected in each approach; (2) the inherent strengths and weaknesses of each approach; and (3) the relevance of each approach to the subject of the appraisal. *Id.* at 597-603.

Since the taxpayer is appealing from the determination of the Davidson County Board of Equalization, the burden of proof is on the taxpayer. See State Board of Equalization Rule 0600-1-.11(1) and *Big Fork Mining Company v. Tennessee Water Quality Control Board*, 620 S.W.2d 515 (Tenn. App. 1981).

Respectfully, the administrative judge finds Mr. Pierce has not sustained his burden of proof and that the property shall be valued at the amount demonstrated by the County's presentation as to the opinion of value for the tax year in question.

ORDER

It is therefore ORDERED that the following value and assessment be adopted for tax year 2007:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$569,200	\$2,582,600	\$3,151,800	\$1,260,720

It is FURTHER ORDERED that any applicable hearing costs be assessed pursuant to Tenn. Code Ann. § 67-5-1501(d) and State Board of Equalization Rule 0600-1-.17.

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

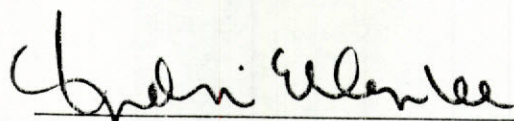
1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or

2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review; or

3. A party may petition for a stay of effectiveness of this decision and order pursuant to Tenn. Code Ann. § 4-5-316 within seven (7) days of the entry of the order.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 31st day of March, 2008.



ANDREI ELLEN LEE
ADMINISTRATIVE JUDGE
TENNESSEE DEPARTMENT OF STATE
ADMINISTRATIVE PROCEDURES DIVISION

c: Mr. Thomas Pierce
Jo Ann North, Assessor of Property